

Testimony
Presented to Dr. Ed Montgomery
White House Director of Recovery for Auto Communities and Workers
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Paul Gielegem
Chairman, Macomb County Board of Commissioners

Dr. Montgomery, Federal Agency Representatives, Governor Granholm and colleagues in County and local government, it is my privilege to welcome you to Macomb County. Thank you for deciding to come here to initiate discussion on the question, "How can we help?"

Macomb County and southeast Michigan have been fortunate to be home to a thriving automobile industry and the good paying jobs that industry offered. Our social system is built around the auto industry. That industry, although challenged, is still very much alive.

In answer to your question, the most important thing that we would ask of you, in your capacity as Washington leaders, is that you urge the federal government to ensure the survival of the auto industry.

This community needs help in surmounting the challenges we are facing as a result of the financial crisis.

What GM, Chrysler and, Ford to a lesser extent, are experiencing is the result of a global financial meltdown. Consumers no longer have access to credit. Car companies, like home builders, are dependent on customers who are able to get financing.

From August of 2008 to January 2009, domestic automakers saw U.S. sales drop by 42 percent. They are not alone. During that same time period, U.S. sales of Honda, Toyota and Volkswagen dropped even more: 50.6 percent.

Helping prevent a fall avoids the larger expense of having to lift back up or rebuild from scratch.

European governments provide well-documented support to fledgling. Sweden, for example, has a population of 9 million people - about the same number as Michigan. Swedish automakers received \$3.1 billion in emergency loans and credit guarantees.

We could benefit from even a fraction of that kind of help.

Because GM, Ford and Chrysler are here, TRW is here. Visteon is here. DuPont is here. Tower Automotive is here, and there are many more. Because these auto industry based companies are here, land systems for the military is here.

Decisions being made in Washington are forcing a fragmentation of this industry. Dis-aggregation of the auto industry is exactly the opposite of studied successful action.

Jim Queen, GM Group Vice President of Global Engineering, said the following about the GM Tech Center expansion, "This facility enables GM to house its engineering teams together, streamlines processes and saves money. That is extremely powerful."

I must agree. Macomb County is the global hub of automotive design, research, and development. The collective whole is much greater than the sum of each of the parts.

TACOM and TARDEC are great examples which illustrate the trend to asset aggregation. A facility in Rock Island, Illinois, is being closed and moved here, and a unit in Huntsville, Alabama, is being moved here as well. This is to build the type of synergy created by having key people work closer to one another here within Warren.

So when the "How can we help," question is asked, our answer is, "Help us grow what we have." In doing so, there are areas which must be avoided.

Bankruptcy ultimately sends a message of weakness to our competitors and our customers, when we should be working to instill confidence. Bankruptcy is not the answer.

A fire sale of Chrysler's assets must be avoided. The alliance between Fiat and Chrysler can be beneficial. Chrysler could emerge from the alliance as a globally competitive company.

GM should not be forced to liquidate Opel. Opel allows GM to compete in Europe; surrendering the foothold that allows them to compete on that, or any, continent, should not be imposed.

Although the auto industry will be smaller in the years to come, the market for transportation will exist. The best help you can offer is to help us maintain our position in this globally competitive market.

We know the market will be smaller, and we know we must diversify.

Five years ago, we commissioned a comprehensive report that identified the industries that mesh with our current assets, strengths and skill sets. Five crucial areas of growth were identified for Macomb County: Advanced Automotive Manufacturing, Manufacturing of Medical Devices, Defense/Homeland Security, Aerospace and Alternative Based Energy.

Since many of our small and medium sized automotive shops have transitioned to defense work, there must be continuation of the investment of federal funds to the military.

The Department of Energy should build a research laboratory here in Michigan so we have the know-how to build cleaner burning automobiles. Our skill sets will also allow for the manufacture of wind and solar infrastructure components.

We also need dedicated dollars to fund infrastructure for higher education. I served on the Governor's Commission on Higher Education and Economic Development in Macomb County.

The Commission began with a goal of doubling the number of College Graduates in Michigan and concluded by determining that Macomb County needs a university. That university should be based less on the 20th Century Higher Education model and more on the economic demands of the 21st Century.

We must build a new higher education model focused on meeting the needs of the existing workforce and their employers. A quarter of Macomb County's workforce has some college but no degree. For these people, there are too many obstacles to completion. Focusing attention and energy on that population will be a return on the investment for Michigan.

I agree with my colleagues on this panel about the host of services that should be enhanced and offered, the need to loosen criteria for existing programs and the need for a greater element of flexibility. Efficiency in program delivery can be accomplished through universal access to services and increased outreach efforts.

We need to build upon what we have and encourage new ventures. For this we will need access to capital, business loans and mass transit funding. The expansion of HUB Zone eligibility and funding for roads and infrastructure depend upon additional resource availability as well.

We know how fortunate we've been here in Macomb County and Southeast Michigan. Because of this, we have always been among the first to step forward to support and contribute to national and international crisis efforts. The situation that we now face is a crisis and we thank you for your willingness to help us in our time of need.

Thank you for your time and offer of help. I hope our community can count on your support as we endeavor to reinvent, restructure and renew.

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